

# THE Premier PLAN

A D V A N T A G E

UPDATES TO  
YOUR HUMAN  
RESOURCES  
PROGRAM

## New Premier Plan offers a positive alternative to Social Security

*Part-time, temporary, and seasonal employees to participate in retirement program.*

*Why pay Social Security taxes when you can use the money to build your own, personal retirement savings account instead?*

Through the Premier Retirement Savings Plan, you contribute 7.5% of your pay to your plan account on a *pre-tax* basis. (That takes roughly the same amount out of your pocket as the 6.2% you pay to Social Security now on an *after-tax* basis. The example to the right shows you how this works.)

The money in your Premier Plan account earns interest that's guaranteed. The statements you receive once a year show you how your money grows. Best of all, when you stop working, the money in your plan account is yours to take with you, after a determined waiting period.

*How 6.2% in after-tax dollars equals 7.5% in*

*pre-tax dollars – and lets you come out ahead.*

Normally, the taxes you pay are based on your total income. But through the Premier Plan and its pre-tax feature, your taxable income is based on your total income *minus* your 7.5% contribution. Some of the tax dollars you would ordinarily pay Uncle Sam go, instead, to your own, personal Premier Plan account.

*Before you assume that the Premier Plan will cost you more, take a closer look.*

In general, that 6.2% of *after-tax* dollars translates to just about the same as 7.5% in *pre-tax* dollars! Why? Because you're reducing the amount of your taxable income through the Premier Plan.

*(continued on back)*

### How 6.2% equals 7.5%

	<u>F.I.C.A.</u>	<u>Premier</u>
Gross salary*	\$1000.00	\$1000.00
Less 7.5% contribution	<u>0.00</u>	<u>75.00</u>
Taxable income	1000.00	925.00
Less 15% income tax**	150.00	138.75
Less 6.2% Soc. Sec.	62.00	0.00
Less 1.45% Medicare	<u>14.50</u>	<u>14.50</u>
Net paycheck -	\$ 773.50	\$ 771.75

\* Assumes \$1,000 compensation

\*\* Assumes 15% income tax bracket

Call toll-free  
1-800-430-7999  
with any questions

So you're contributing 7.5% to your Premier investment account instead of paying 6.2% into Social Security ... you're earning a return on that 7.5%... and your take-home pay remains about the same.

## *Are there more advantages to the plan? Yes!*

You'll realize many benefits from the Premier Plan:

- ◆ To change from Social Security to the Premier Plan, you do absolutely nothing. No forms to fill out. No long documents to read and sign. And it will cost you absolutely nothing. Your enrollment is automatic.
- ◆ Your money is managed by ING/ReliaStar, a highly respected, successful, well managed company located in Minneapolis, Minnesota.
- ◆ Your contributions to your Premier investment account earn market rate with a guaranteed minimum rate of return.
- ◆ Earnings are compounded to build up your account until the money is paid out to you.
- ◆ If you should die, your beneficiary receives the full amount in your account.

◆ Your contributions earn an investment return daily, with the earnings credited to your account monthly.

◆ When you stop working, you are entitled to all the money in your account – all your contributions and their earnings. (Benefit payment processing will begin after determined waiting period.)

You do not have to pay a withdrawal charge, although you have to pay federal income tax on your contributions and their earnings upon withdrawal, unless you put the money into a similar plan. You will never pay Social Security taxes on the money.

◆ Once a year, you'll receive a report of all activity, including how much your contributions have earned.

Many experts are currently predicting that Social Security won't be around or will be severely limited by the time today's young workers retire.

While those predictions are just educated guesses, contributing to the Premier Retirement Savings Plan means you won't have to worry if those experts are right!

## THE PREMIER PLAN

### Q&A

**Q.** *What's the difference between pre-tax and after-tax?*

**A.** After-tax refers to those dollars remaining after federal income tax has been deducted from your gross pay. For example, when you pay Social Security, you pay with after-tax dollars.

Pre-tax refers to your gross pay dollars before any taxes are deducted. When you contribute to your Premier Retirement Savings Plan, you're contributing pre-tax dollars.

**Q.** *What's the advantage of contributing pre-tax dollars to my Premier account?*

**A.** When your contributions are made with pre-tax dollars, you end up reducing your taxable income by the amount you contribute into your account. Your income tax is figured on your gross pay minus your contribution to your Premier account, so you pay less in income tax.

**Q.** *Is this legal?*

**A.** Absolutely! Internal Revenue Service tax

codes allow you to make pre-tax contributions to such retirement savings plans as your Premier Plan.

**Q.** *Why am I allowed to drop Social Security and contribute to this plan?*

**A.** Changes in the IRS tax codes allow part-time, temporary, and seasonal employees of government entities (or any other government entity employee currently paying into Social Security) to invest in this pre-tax retirement savings program.

**Q.** *Am I entitled to all the money in my account?*

**A.** Yes. When you terminate employment, all the money in your account – your contributions and their investment earnings – is yours. Benefit payment processing will begin after the determined waiting period.

**Q.** *Will I have to pay federal income tax on the money in my account when I receive it?*

**A.** Yes, unless you roll it over into a similar plan. However, while you have deferred paying income tax, your money has been earning interest. You will not have to pay Social Security tax on the money, however.

**Q.** *How can I sign-up for the Premier Plan?*

**A.** You don't have to do a thing. Your employer does everything for you.